

Opening Statement of the Honorable Ed Whitfield
Subcommittee on Energy and Power
Hearing on “21st Century Energy Markets: How the Changing Dynamics of World Energy
Markets Impact our Economy and Energy Security”
March 3, 2015

(As Prepared for Delivery)

Today’s hearing is entitled, “21st Century Energy Markets: How the Changing Dynamics of World Energy Markets Impact our Economy and Energy Security.” I welcome this diverse and knowledgeable panel to discuss these issues.

When it comes to energy markets, the transformation over the last decade has been dramatic. In fact, several longstanding energy trends have completely reversed themselves. America has gone from declining oil and natural gas production to unprecedented increases that now make us the world’s largest energy producer and a potential exporter. As a result, fears about rising import dependence and skyrocketing energy prices have been replaced with surging domestic supplies that are driving down prices - so low in fact that they are now discouraging additional drilling in the U.S.

The downstream changes have been every bit as dramatic. Domestic refineries, a number of which were optimized to handle imported crude, now have the option of transitioning to use more North American oil. And for manufacturers, the offshoring trend has stalled, and in fact some of the manufacturing capacity that had been forced overseas by competitive pressures is now returning to the U.S. because of the low energy prices. And North America’s new energy supplies have necessitated a major infrastructure build-out in order to deliver this energy to the consumers and businesses that need it.

The changes also have significant geopolitical implications. Many of our energy-importing allies were resigned to growing dependence on OPEC and other unfriendly exporters like Russia, but now they see America as a potential new source of reliable and affordable energy supplies. As a result, America has the opportunity to fight back against the geopolitical influence of the countries that used to dominate global energy markets, and exert our own influence instead.

There is no question that the America’s oil and natural gas boom has been very good news for America, but that is not to say that it doesn’t bring new concerns – we have simply traded one set of challenges for another. Unfortunately, our energy policy is largely based on old laws rooted in assumptions of scarcity, and may no longer be up to the task of addressing these new challenges and taking full advantage of emerging opportunities.

We explored one such landmark law, the 1975 Energy Policy and Conservation Act, in a hearing last December. At the hearing, we learned more about the energy policy context under which this 40-year old statute was enacted, and how its provisions may no longer be relevant.

Today, we continue the discussion by further exploring current and evolving energy market dynamics. We hope to be able to better assess where we are and what new policies may be needed. Our existing energy policy was not created overnight, nor will any changes to it happen overnight. This will be a thorough and deliberative process, and one in which all affected parties will be heard.

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